GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:985
ANSWERED ON:22.07.2016
Sick Banks
Lokhande Shri Sadashiv Kisan

Will the Minister of FINANCE be pleased to state:

(a) whether a large number of banks have become sick across the country at present;

(b) if so, the details of such banks and the estimated loss of the funds invested in such banks, bank-wise;

(c) whether the Government has taken any measure to turn the sick banks profitable; and

(d) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): Out of 27 Public Sector Banks (PSBs), 14 have posted losses. The main reason for such losses was Asset Quality Review (AQR) exercise initiative by Reserve Bank of India (RBI) during FY16, due to which banks had to suddenly make provisions for accounts categorized as non-performing asset (NPA) under AQR exercise.

The Government has taken various measures to strengthen the financial position of banks which inter-alia include a four-year recapitalization program for PSBs under which Rs. 25,000 crore was given last year and another Rs. 25,000 crore has been allocated this year. It is expected that going further, provisioning requirements will go down and profitability will improve.

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